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ROBERT U. FOSTER III
STAFF DIRECTOR

June 25, 2003

The Honorable David M. Walker
Comptroller General
United States General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

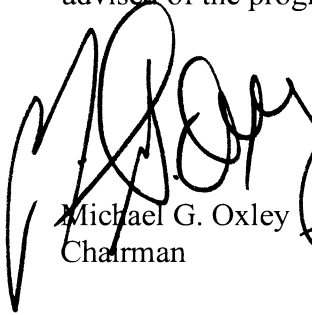
I am writing the General Accounting Office to request an evaluation of the rental assistance program administered by the Rural Housing Service at the United States Department of Agriculture.

The Rural Housing Service's largest line item appropriation account is the Section 521 Rental Assistance Program, which was started in 1978. This is a property-based subsidy program that provides additional support to units created through the Section 515 multifamily and Section 514/516 farm labor housing programs. RHS provides this subsidy through 5-year contracts issued to property owners; 20-year contracts were also issued between 1978 and 1982. Recent RHS data has shown hundreds of millions of dollars in unliquidated obligations tied to 5- and 20-year contracts issued between 1978 and 1997. Since contracts remain active until all funds are expired, some of these contracts are lasting as long as 38 years. I am therefore asking GAO to review:

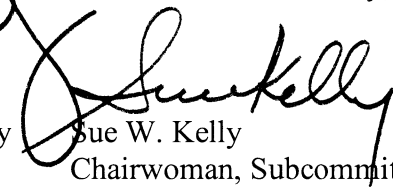
1. What is the level of activity of the contracts, issued between 1978 and 1997, with remaining unliquidated obligations, and how can RHS recapture these obligations?
2. What is the level of activity in rental assistance contracts issued within the last five years, and are funds being used at the rate anticipated by RHS?

Thank you for your assistance with this review. Please keep the Committee staff advised of the progress of this work.


Sincerely,



Michael G. Oxley
Chairman



Sue W. Kelly
Chairwoman, Subcommittee on
Oversight and Investigations



Robert W. Ney
Chairman, Subcommittee on
Housing and Community
Opportunity

cc: Honorable Barney Frank
Honorable Maxine Waters
Honorable Luis Gutierrez